Pre-IPO placements surge as investors succumb to FOMO

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Big investors are swooping in on companies right before their initial public offerings (IPOs) open, locking in shares that would be harder to get once subscriptions start. The scramble for shares starts immediately after the IPO price band is announced, but before the IPO opens to anchor investors.

The recent IPOs of Lenskart, Physics Wallah and Aequs have seen investors buying shares in so-called pre-IPO placements, where investors snap up unlisted shares on the eve of an IPO. This is different from pre-IPO fundraises in which investors buy 12-18 months before the IPO, and anchor investments where large investors buy shares reserved for institutions in IPOs.

"In the current market, we are seeing a resurgence of late-stage interest in pre-IPO placements, particularly in high-growth and consumer-facing businesses," said Prakash Bulusu, joint chief executive officer (CEO), IIFL Capital. "Investors want to lock in valuations that often look more attractive than post-listing levels."

As per Prime Database, nine of the 86 firms that went public this year together raised ₹4,300 crore through such placements, crossing the ₹3,950 crore raised in all of 2024, a phenomenon that market experts believe will strengthen momentum. The key reason: fear of missing out on a stock that could be the next blockbuster.

Bulusu of IIFL added that the next few quarters could see more such transactions. "As long as markets remain stable and domestic liquidity stays strong, pre-IPO rounds will remain an important step for issuers and institutional investors seeking early exposure to category leaders," he said.

Listing fever

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Pre IPO Placements heat up — **Pre-IPO placement**

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Year	No. of issues	Issue amount (in ₹ crore)	Pre-IPO placement (in ₹ crore)
2024	8	3,950	387
2025*	9	4,300	716

Total

Year	No. of issues	Issue amount (in ₹ crore)
2024	91	1,59,784
2025*	86	1,40,606

*Data till 7 November.

Source: Prime Database

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According to Akhoury Winnie Shekhar, a partner at CMS IndusLaw, the momentum will likely continue, "supported by a maturing ecosystem and a growing focus on risk management and returns."

The surge coincides with a 24 October Sebi circular barring mutual funds from participating in pre-IPO placements, although they are expected to continue participating through their alternative investment funds (AIFs) and portfolio management services (PMS).

The key reason of the surge in pre-IPO placements is fear of missing out on a stock that could be the next blockbuster

Think Investments acquired ₹136 crore worth of shares from 14 employees of Physics Wallah last week, while SBI Funds, DSP India Fund and Think India Opportunities Fund together invested ₹144 crore in Aequs Ltd earlier this week. Lenskart raised about ₹100 crore from SBI Optimal Equity Fund and SBI Emergent Fund (both are alternate investment funds) after securing ₹90 crore from billionaire investor Radhakishan Damani.

Standard Glass Lining Tech, Scoda Tubes, Arisinfra Solutions, Brigade Hotels Venture, All Time Plastics, Patel Retail and GK Energy are among companies which have attracted leading investors such as Amansa Investments, Malabar India Fund, 360 One Special Opportunities Fund, and Kotak Iconic Fund for pre-IPO placements this year, Prime Database data showed.

The founder of an IPO-bound company said these deals help investors corner sizeable stakes early. "It also shows confidence in the company's long-term potential," the founder said on the condition of anonymity.

These investments are more active in companies with IPOs under ₹1,000 crore, based on an analysis of the data from Prime Database. Since shares bought in pre-IPO placements are typically locked in for six months, there's no immediate selling pressure after listing, said Sudhir Bassi, executive director, capital markets, Khaitan & Co.

While late placements are picking up, pre-IPO funding rounds—transactions that usually take place 12-18 months before a listing—have slowed. Companies raised ₹24,470 crore through such rounds in 2025 (as of 7 November), down about 46% from ₹45,181 crore in 2024.

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